

# Milk Pricing

## NEWSLETTER



Dairy Marketing Branch, CDFA

March 2005

### National Commodity Prices for Butter and Cheese Show Volatility . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for nonfat dry milk, Cheddar cheese, and Grade A Butter recorded decreases compared to last month. Consequently, the prices for whole, reduced fat, lowfat, and skim milk all decreased: whole milk decreased two and nine tenths cents per gallon; reduced fat milk decreased two and zero tenths cents per gallon; lowfat milk decreased one and four tenths cents per gallon; and skim milk decreased seven tenths cents per gallon.

Milk production across the U.S. is ahead of last year levels. The same is true for northern California, while southern California (accounting for 12% of the state's milk production) has been hit hard by rain storms adversely affecting their milk production. Although the commodity market prices have been volatile and changing from day -to-day, the demand for milk and dairy products is holding strong and production of cheese and butter is steadily growing.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

*\*See lowest reported lawful retail milk prices on page 2.*

### Minimum Prices for the Four Types of Fluid Milk by Container Size for April 2005

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.354	\$0.677	\$0.338	\$0.169	\$0.113	\$0.085
Reduced Fat (2%)	\$1.235	\$0.618	\$0.309	\$0.154	\$0.103	\$0.077
Lowfat (1%)	\$1.166	\$0.583	\$0.292	\$0.146	\$0.097	\$0.073
Nonfat (Skim)	\$0.880	\$0.440	\$0.220	\$0.110	\$0.073	\$0.055

Southern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.377	\$0.689	\$0.344	\$0.172	\$0.115	\$0.086
Reduced Fat (2%)	\$1.259	\$0.630	\$0.315	\$0.157	\$0.105	\$0.079
Lowfat (1%)	\$1.190	\$0.595	\$0.297	\$0.149	\$0.099	\$0.074
Nonfat (Skim)	\$0.904	\$0.452	\$0.226	\$0.113	\$0.075	\$0.056

### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.029↓	\$0.014↓	\$0.007↓	\$0.004↓	\$0.002↓	\$0.002↓
Reduced Fat (2%)	\$0.020↓	\$0.010↓	\$0.005↓	\$0.002↓	\$0.002↓	\$0.001↓
Lowfat (1%)	\$0.014↓	\$0.007↓	\$0.003↓	\$0.002↓	\$0.001↓	\$0.001↓
Nonfat (Skim)	\$0.007↓	\$0.003↓	\$0.002↓	\$0.001↓	\$0.001↓	\$0.000↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California  
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## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

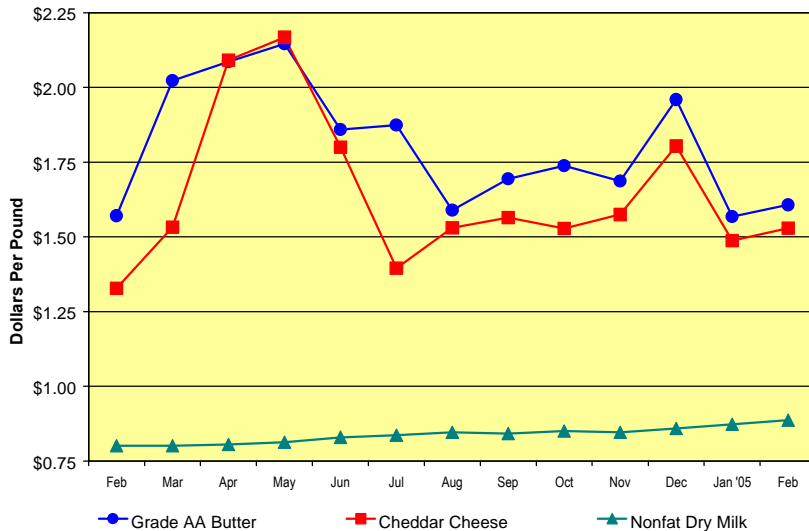
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
May '04	\$0.20	\$1.70	\$0.64
June	\$0.21	\$1.90	\$0.71
July	\$0.21	\$1.90	\$0.71
August	\$0.21	\$1.68	\$0.63
September	\$0.21	\$1.68	\$0.63
October	\$0.20	\$1.53	\$0.58
November	\$0.20	\$1.53	\$0.58
December	\$0.21	\$1.63	\$0.61
January '05	\$0.21	\$1.63	\$0.61
February	\$0.21	\$1.56	\$0.59
March	\$0.21	\$1.56	\$0.59

### National Commodity Prices February 2004 - February 2005

#### Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



#### Lowest Reported Lawful Retail Prices for Milk March 2005

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.89	\$2.45
2% Reduced Fat	\$4.59	\$2.30
1% Lowfat	\$4.59	\$2.30
Nonfat/Skim	\$3.69	\$1.85
<u>Southern California</u>		
Whole Milk	\$4.79	\$2.40
2% Reduced Fat	\$4.49	\$2.25
1% Lowfat	\$4.49	\$2.25
Nonfat/Skim	\$3.59	\$1.80

**This newsletter can also be found on our website at:**  
**[www.cdfta.ca.gov/dairy/milkpricing.nl.html](http://www.cdfta.ca.gov/dairy/milkpricing.nl.html)**

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at [dairy@cdfta.ca.gov](mailto:dairy@cdfta.ca.gov), or by contacting TDD 1-800-735-0193.

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